

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION

UNITED STATES OF
AMERICA and STATE OF
MICHIGAN, ex rel. STACY
GOLDSHOLL, M.D., and
STACY GOLDSHOLL, M.D.,
individually,

Civil Case No. 12-15422
HON. THOMAS L. LUDINGTON

Plaintiffs,
v.

FILED UNDER SEAL

COVENANT HEALTHCARE
SYSTEM, a Domestic
Nonprofit Corporation,
COVENANT MEDICAL
CENTER, a Domestic
Nonprofit Corporation, and
MARK ADAMS, M.D., an
individual,

Defendants.

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**UNITED STATES' AND THE STATE OF MICHIGAN'S JOINT NOTICE
OF PARTIAL INTERVENTION AS TO DEFENDANTS COVENANT
HEALTHCARE SYSTEM & COVENANT MEDICAL CENTER**

Pursuant to the False Claims Act, 31 U.S.C. § 3730(b)(2) and (4) and the
Medicaid False Claim Act, M.C.L. 400.610a, the United States and the State of
Michigan notify the Court of their decision to intervene in part of this action for
settlement purposes and to decline to intervene in part of this action specifically
and solely as to Defendants Covenant Healthcare System and Covenant Medical

Center. At this time, the United States and the State of Michigan are not making an intervention decision regarding Defendant Mark Adams, M.D., and their investigation remains ongoing.

The United States and the State of Michigan intervene as to the part of the action in which Relator alleges that Covenant Healthcare System and Covenant Medical Center (collectively, “Covenant”) improperly billed Medicare, Medicaid, TRICARE, and FECA for claims that were prohibited referrals under the Physician Self-Referral Law, 42 U.S.C. § 1395nn (commonly referred to as the “Stark Law”), and/or were referrals obtained in exchange for remuneration in violation of the Anti-Kickback Statute (“AKS”), 42 U.S.C. § 1320a-7b(b), related to the following compensation and financial arrangements:

- i. From March 1, 2011 through June 30, 2015, Covenant had contracts with Asim Yunus, M.D., to serve as a medical director.
- ii. From July 1, 2011 through June 30, 2013, Covenant had a contract with Kimiko Sugimoto, M.D., to serve as a medical director.
- iii. From July 1, 2010 through October 31, 2014, Covenant had contracts with Sujal Patel, M.D., to serve as a medical director.
- iv. From October 1, 2009 through June 30, 2015, Covenant had contracts with Sussan Bays, M.D., to serve as a medical director.

v. From March 1, 2011 through January 1, 2016, Covenant had contracts with Guy Boike, M.D., to serve as a medical director.

vi. From July 7, 2007 through February 14, 2016, Covenant had contracts with Thomas Damuth, M.D., to serve as a medical director.

vii. From June 1, 2006 through December 14, 2009, Covenant employed Mark Adams, M.D.

viii. Ernie Balcueva, M.D., rented office space from Covenant from approximately January 21, 2009 through July 31, 2013.

ix. Covenant Physician Investment Group (“CPIG”) was an investment group that Covenant-employed physicians formed with the purpose of purchasing large medical equipment that CPIG would lease to Covenant. On at least one occasion, around July 2014, Covenant and CPIG engaged in non-arm’s-length negotiations on a lease related to a CT Scanner in order to induce referrals of patients from the physician investors of CPIG.

The United States and the State of Michigan decline to intervene as to all other allegations in the Relator’s Amended Complaint concerning Covenant.

Contemporaneously with this notice, and consistent with the terms of an agreement to settle the above-captioned matter as to Covenant, the United States and the State of Michigan, together with Relator, are also filing a joint stipulation for

dismissal of the action only as to Covenant, and submitting an accompanying order providing for the dismissal of the claims against Covenant.

Regarding the other Defendant, Mark Adams, M.D., the United States' and the State of Michigan's investigation remains ongoing. As described in the United States' Status Report filed with the Court on September 7, 2021, the United States has a separate investigation of Dr. Adams. (ECF No. 64, PageID.329-331.) Accordingly, for the reasons stated in that Status Report, the United States requests that the Court keep the Complaint and all other papers filed or lodged in this matter under seal consistent with the Court's Order entered on October 5, 2021, which extended the United States' seal and election period through December 13, 2021. (ECF No. 65, PageID.333-334.) Should additional time for an intervention decision be required regarding Dr. Adams, the United States will request additional time in the next Status Report due December 6, 2021.

The United States and the State of Michigan concurrently request that the Court grant a partial lifting of the seal in this action to permit the United States and the State of Michigan to share with Covenant the Court's order entered in response to the joint stipulation for dismissal as to Covenant. If granted, the United States will serve the Court's order on Covenant. The proposed order addresses both of these issues.

The United States' and the State of Michigan's request for a partial lift to share with Covenant the Court's order on the joint stipulation for dismissal as to Covenant, and to otherwise keep the Complaint and all other papers filed or lodged in this action under seal, are not opposed by the Relator.

Respectfully submitted,

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